

Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, October 24, 2007

A regular meeting of the Board of Directors was held on Wednesday, October 24, 2007, at the East Bay Collaborative, 317 Market Street, Warren, Rhode Island.

Roll Call

Board of Directors

Jane F. Correia	Director	Present
Shawn J. Brown	Director	Present
David P. Faucher	Director	Present
Robert Mushen	Director	Excused
Miriam Goodman	Director	Excused
Nancy Lalli	Director	Excused
Glenn Steckman III	Director	Present
Robert Murray	Director	Present

Alternate Board Members

Edward Mara	Alternate	Excused
Catherine McLeish	Alternate	Present
Christine Tague	Alternate	Present
Harold "Ron" Devine	Alternate	Present
Maureen Macera	Alternate	Excused
Michael Saunders	Alternate	Excused
Joann Vecchio	Alternate	Excused
Vacant	Alternate	

Others Present

Lynne Dible	Secretary	Present
Colleen Pilat	Recording Secretary	Present
Kevin Walsh	Group Benefits Strategies	Present
Michael Notarangelo	CCR	Present
Dana Wilson	CCR	Present
Marc Gagnon	Blue Cross/Blue Shield RI	Present
Richard Krupski	Blue Cross/Blue Shield RI	Present

Call to Order

President Faucher called the meeting to order at 9:30 a.m. Secretary Dible reported that a quorum was present.

Agenda

A motion was made by S. Brown, seconded by J. Correia, to approve the agenda for the October 24, 2007 regular meeting. The motion was approved unanimously.

Secretary's Report

A motion was made by J. Correia, seconded by S. Brown, to approve the minutes (previously emailed) of the annual meeting held September 26, 2007 and the regular meeting held September 26, 2007. The motion was approved unanimously.

Treasurer's Report

A motion was made by H. Devine, seconded by R. Murray, to table the Treasurer's Report for the period ending 9/30/07 until the next meeting to allow time to receive and review the report in advance. The motion was approved unanimously.

Warrants

A motion was made by H. Devine, seconded by S. Brown, to approve the amended, November 2007 Warrant Summary. The total amount to be paid was actually \$423,182.51, which included audit fees and postage costs. The motion was approved unanimously.

Self-Funded Cost vs. Funding Analysis

K. Walsh provided a handout and reviewed the Self-Funded Cost vs. Funding analysis for the policy period 7/1/07 – 6/30/08, which is at an overall cost/funding ratio of 88.2% as of the end of September 2007. He reported that only 71% of projected actual claims have been paid.

High Cost Claims Report

K. Walsh reported there were no excess claims over \$200,000 for this fiscal year. During policy year 7/1/06 – 6/30/07, a total of four excess claims over \$200K totaling \$414,169 have been reimbursed.

OLD BUSINESS

CCR 2007 Annual Audit Report

Dana Wilson, CCR Engagement Partner, and Michael Notarangelo, CCR Engagement Supervisor, presented and reviewed the 2007 Audit Results, Financial Statements and Supplemental Information. The most important statement in the second to last paragraph, page one, of the Independent Auditors' Report is "the financial position of the Governmental Health Group of Rhode Island, Inc, as of June 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended are in conformity with accounting principles generally accepted in the United States of America." It was also noted that the supplemental information was enclosed for review, but not audited. Also reviewed were new standards effective June 30, 2007, the SAS 103 Audit Documentation—retaining audit documents for seven years, and SAS 112—Communication Internal Control-Related Matters Identified in an Audit. Effective June

30, 2008, SAS 104 – 111 Risk-Based Auditing Standards – if a control deficiency is noted during normal course of day-to-day business, it may impact the audit report. Also, the auditor cannot prepare financial statements for the client anymore, which is a change from last year.

A motion was made by S. Brown, seconded by J. Correia, to approve the Members' Contingency Reserve of \$3.470M as reported by CCR in the Financial Statements for 6/30/2007. The motion was approved unanimously.

A motion was made by S. Brown, seconded by J. Correia, to approve the CCR 2007 Annual Audit Report. The motion was approved unanimously.

Blue Cross Blue Shield RI Proposal

R. Krupski and M. Gagnon of Blue Cross presented a proposal to the GHGRI which offered a reduction in the administrative fee from \$54.80 per contract to \$38.00 per contract beginning in July 2008, provided that the contract is extended an additional two years through 6/30/2011. They explained that this offer was only being presented to the two joint purchasing groups in the State, and not to individual municipalities. The administrative fee offered for July 2009 would be \$40.28 per contract and for July 2010 would be \$42.70 per contract. They added that these proposed terms were not contingent upon the number of employees enrolled.

Discussions continued regarding the possibility of Blue Cross adjusting the period they use to rate the GHGRI, so members could have their working rates in January as opposed to April for the next fiscal year for budget planning. R. Krupski and M. Gagnon said that BCBS could work with GHGRI on the timing.

A discussion took place which addressed the impact the group's stop loss level might have upon a new member.

R. Krupski and M. Gagnon were excused. K. Walsh continued discussions suggesting that GHGRI go back to BCBS for more details to be worked out regarding work-related injuries, capital deposit and prescriptions drugs. K. Walsh will meet with them on these issues and will follow-up at the next board meeting.

New Member Policy

GHGRI's New Member Policy was reviewed. The terms outlined are (1) set renewal date for July 1st of each year, (2) offer BCBSRI health plans through 6/30/09, (3) Negotiate collective bargaining language to allow for the possibility of the alternative health plan offering other than BCBSRI, as of 7/1/09, (4) Pay monthly invoices as billed. A reconciliation will adjust for differences, (5) A monthly ACH transfer of premium to the Treasurer on the first of each month, (Board will determine late penalties), (6) Contribute standard premium and standard retention for year one. These contribution conditions apply to self-funded entities that elect to join as well, (7) *not* participate in any surplus distribution until the end of year two. Surplus per member, if any, will be calculated each year and accumulated, in accordance with the GHGRI Surplus Distribution Policy, (8) join the GHGRI for an initial three-year period with out the ability to withdraw voluntarily.

GHGRI Meeting Minutes for October 24, 2007

A motion was made by J. Correia, seconded by G. Steckman, to approve the New Member Policy as presented. The motion was approved unanimously.

WRI Agreement Amendment Legal Review Status

This item was tabled until next month's meeting.

NEW BUSINESS

Stipend Increase Request – Treasurer

Consideration was given to a proposal to increase the current stipend for the Treasurer from \$1,000 per month to \$1,400. After review of the transactions and hours per month, a motion was made by G. Steckman, seconded by J. Correia, to approve the increase. The motion was approved unanimously.

Adjournment

A motion to adjourn at 11:35 a.m. was made by D. Faucher, seconded by G. Steckman._____. The motion was approved unanimously.

The next regular meeting will be held on November 28, 2007 at the East Bay Educational Collaborative in Warren, RI.

Respectfully submitted,

Lynne S. Dible, Secretary
Colleen Pilat, Recording Secretary